

NPC Committee On Natural Gas

Coordinating Subcommittee
Update

December 15, 1998

Scope: Can Supply Meet Growing Demand?

- What's happened since 1992?
 - Evolution of the market
 - Assessment of key assumptions
- What does the future look like?
 - Stipulated demand scenario / influencing factors
 - Supply potential
 - Implications on distribution

Demand

- Stipulated scenarios based on existing model
- Lessons learned from 1992 demand projections
 - Evaluation of influencing factors
 - GDP
 - Environmental requirements
 - Growth from the power sector

NPC Demand Comparison

(Quad BTO/Year)

End Use Sector	1992 NPC Study		Actual 1997	Percent Of 2010
	1990	Case 1 2010		
Residential	4.5	4.9	5.0	102%
Commercial	2.7	3.5	3.3	94
Industrial	7.0	8.9	8.8	99
Electric Utility	2.9	5.4	3.0	56
Total	17.1	22.7	20.1	89%

Source:
SIMMONS & COMPANY
INTERNATIONAL

Supply

- Validation of 1992 findings
- Capability by region
- External factors - Canada, Mexico, LNG
- Access to resource issues
- Influencing factors
 - investment requirements
 - rate of decline
 - technology impact
 - cycle time from access to production

Distribution

- Potential bottlenecks
- Rapidly changing customer requirements
- Infrastructure requirements
- Regulatory impediments

Study Output

- Validation and update of 1992 study
- Identification of challenges from supply, demand,
and distribution analysis
- Recommendations for addressing the challenges

Organization: Coordinating Subcommittee

- Claire Farley (Texaco) - Chair
- Robert Kripowicz - Government Co-chair
- Task Groups

Demand: Matthew Simmons - Simmons & Co. Intl

Supply: Tom Nusz - Burlington Resources

Distribution: Susan Ortenstone - El Paso Gas Services

Time Line

- Oct - Nov Develop scope / obtain approval
- Oct - Dec Task Groups review 1992 study / prepare model
- Jan - Mar Conduct analyses / review model outputs
- Apr - June Prepare report